



**METROPOLITAN
TRANSPORTATION
COMMISSION**

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Memorandum

TO: Administration Committee

DATE: January 2, 2008

FR: Deputy Executive Director, Policy

W.I.: 1152

RE: Contract Amendment – Continued Internal Control Review: KPMG LLP

Summary

Staff recommends that the audit, review, and attestation consulting contract with KPMG LLP be increased by \$400,000 to conduct additional internal control management reviews, as well as a SAS 70 audit of the TransLink® program expenses.

Background

KPMG was retained in 2004 following a competitive selection process to conduct contract and internal control audit work. The proposal process provided for a five-year consulting contract with terms to be determined with each specific engagement.

Scope of Work

The scope of work for the proposed amendment includes follow-up work related to the internal control review of Information Technology (IT) and business processes at the TransLink® service bureau. In addition to internal control work, staff recommends having KPMG undertake an overall project expense audit for TransLink®. The TransLink® program receives considerable funding from federal sources and as such, an interim project audit is appropriate.

Recommendation

Staff recommends that the Committee authorize the Executive Director or his designated representative to negotiate and enter into a contract amendment in the amount of \$400,000 to conduct internal control management reviews of the TransLink® contractor and a general audit of the TransLink® program expenses. If awarded, one additional option year will remain.

Therese McMillan

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REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Consultant Contract Amendment

Work Item No.:	1221
Consultant:	KPMG LLP, San Francisco, CA
Work Project Title:	Third Party review of TransLink® Service Bureau
Purpose of Project:	To conduct an internal control analysis of the TransLink® Center operated by Motorola/ERG, SAS 70 audit., and other internal control review
Brief Scope of Work:	To perform SAS 70 report for TransLink® center, internal control review of Information Technology (IT) and business processes
Project Cost Not to Exceed:	\$400,000 (this amendment)
Funding Source:	\$300,000 TDA, \$100,000 STA 02002024.
Fiscal Impact:	Subject to Approval in FY 2007-08 Operating Budget
Motion by Committee:	That the Executive Director or his designee is authorized to negotiate enter into a contract amendment with KPMG LLP for the purposes described herein, and the Chief Financial Officer is directed to set aside funds in the amount of \$400,000 for such amendment.
Administration Committee:	<hr/> Bob Blanchard
Approved:	Date: January 9, 2008